

Mid-Week Markets Recap: February 25, 2026

Key Takeaways

- Financial markets reacted adversely to the Trump administration's latest tariff measures
 - Meta continues to spend, further cementing its intent on building out its long-term AI infrastructure
 - Geopolitical uncertainty fuels a renewed surge in demand for haven assets
 - Investors react modestly to Nvidia's fourth-quarter earnings report
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Global Trade Uncertainty Remains Despite Supreme Court Ruling

“Trump enacts Section 122 of the Trade Act of 1974 in response to the Supreme Court’s recent ruling”

This past weekend, President Trump had announced that he and his administration would be invoking Section 122 of the Trade Act of 1974 in response to the Supreme Court’s recent ruling. This statute allows any U.S. president to impose temporary import surcharges, or tariffs, of up to 15% for 150 days in order to address any concerns regarding large deficits or to provide protection for a weakening dollar. While the Trump administration had previously announced that, under this statute, the tariffs would be implemented at 10%, they later then increased them back up to 15%.

In response to these tariffs, U.S. futures fell to start the week. What’s driving investor sentiment is not necessarily the headline number behind the tariffs being implemented, but rather the uncertainty surrounding them, and the potential implications that they can have. Firms, for example, will continue to have a difficult time planning expenditures and long-term expenses based on the volatile nature of our current foreign policy, which in turn will ultimately lead to investors requiring a stronger rate of return. The potential risk of inflationary pressure also rises, which may ultimately lead to the Fed maintaining a stricter monetary policy, lowering equity valuations. In response to these potential implications, markets may even begin to start seeing investors rotate out of equities, and into treasuries in response to a reduced appetite for foreign policy related risk. Moving forward, increased emphasis will be placed on how many of the participants within our economy could be impacted by these tariffs, and what future courses of action could potentially look like.

It is also important to note that these concerns extend beyond our borders as well. Singapore’s Deputy Prime Minister, Gan Kim Yong, recently voiced concerns surrounding the uncertainty regarding the U. S’s foreign policy in a briefing on Sunday. Australian Trade Minister Don Farrell also voiced his stance against the recently announced tariffs on Sunday, citing that the Australian government has “consistently advocated

against these unjust tariffs”. Countries within Asia have also begun to question the implications of these tariffs and what it could mean moving forward.

AMD Surges Following Announcement of Agreement with Meta

“Meta enters into a multi-year agreement with AMD to purchase upwards of six gigawatts worth of AI chips”

AMD shares were up 10% in their pre-market trading session on Tuesday, following the announcement of its plans to enter into a multi-year agreement with Meta. This partnership would see Meta purchase upwards of six gigawatts worth of AMD chips as it continues to build out its long-term AI infrastructure. Within this agreement, AMD has also promised to issue up to 160 million shares of its stock, vested in tranches, to Meta upon the achievement of certain milestones. Meta also plans on purchasing CPU’s as well, including AMD’s Venice chip and its next-generation Verano processor. It’s important to note that this deal follows Meta’s announcement last week of a multi-year partnership with Nvidia.

Following their earnings report, Meta had announced plans to spend upwards of \$135 billion in capital expenditures throughout 2026 as they aim to build out their long-term AI infrastructure. The announcement of these two recent agreements further cements this notion. Meta, in comparison to its competitors, has fared the best when it comes to AI-related spending. Following the announcements of planned expenditures in the year to follow, many of the largest tech companies saw massive drops in their share prices. Microsoft has been down 17%, Alphabet 8%, and Amazon at around 13%. Meta, despite also announcing elevated levels of spending, is only down around 5%. Investors seem to have a stronger appetite for the spending being undertaken by Meta in comparison to that of its competitors, and I believe it ultimately falls down to how they plan to monetize this new technology.

Meta has continued to leverage AI to improve the efficiency and effectiveness of its advertising business across its major social media platforms. Not only does it improve demographic targeting and personalization, but it also allows its users to automate the creation of their advertisements. Approximately two million advertisers used Meta’s AI-powered tools in 2025. Although the stock declined following the announcement of its increased spending plans, investors continue to assign Meta a valuation premium, in a sense, reflecting confidence in its demonstrated ability to successfully implement and monetize AI within its platform. The relatively modest pullback, especially compared to competitors facing similar capex concerns, suggests the market is willing to underwrite Meta’s investment cycle given its prior execution.

Demand for Metals Surge Amid Geopolitical Uncertainty

“Gold and silver trend higher to start the week, underscoring growing investor appetite for ‘haven’ assets”

As geopolitical tensions with Iran continue to escalate and tariff uncertainty persists, investors are starting to rotate back into haven assets. This rotation, infamously known as the “debasement trade”, has been a persistent theme over the past year and a half and a key catalyst behind the record-levels seen so far. The

peak of this trend was experienced in January, when concerns surrounding the implications of our country's threats to annex Greenland were highly focused on by investors. Since then, price activity for metals hasn't been the same.

Shortly after it was announced that Kevin Warsh was next in-line for Fed Chair, metals experienced a massive selloff. The appointment of Warsh, widely regarded as a policy hawk, tempered investor expectations of a more aggressive tightening stance by the Federal Reserve, which ultimately led to increased expectations of a strong dollar. While this may not have been the sole driver behind the drop in metals, it was a substantial one.

In the weeks that followed this sharp decline, metals have started to rebound towards a more stable price level. However, lately, this trend has been more pronounced following uncertainty regarding geopolitical activity. Tensions with Iran have continued to escalate while uncertainty regarding the Trump administration policies regarding tariffs still lie. Investors remained concerned about the potential implications of these developments, specifically what it could mean for the dollar. These factors have been at the forefront of investors' minds and have consequently driven this sharp rise.

Nvidia Receives a Muted Response

“Despite reporting earnings growth and issuing a bullish forward outlook, investor sentiment remained neutral”

Nvidia was at the center of every investor's mind as it was set to report its highly anticipated fourth-quarter earnings after the bell Wednesday. The importance of this report was amplified as many hoped that it would provide clarity regarding the current AI-based environment we're in. Despite reporting strong growth, and issuing guidance above analysts' expectations, investors still remained neutral to the chip-maker.

Revenue for the fourth quarter came in at \$68.1 billion, 20% higher than the previous quarter, and 73% higher than the previous year. Analysts were expecting fourth-quarter revenue to be around \$65.9 billion. Full-year revenue came in at \$215.9 billion, up 65% from the prior year. Non-GAAP diluted EPS came in at \$1.62 per share for the quarter. Analysts' estimates were around \$1.53 per share. For the next-quarter Nvidia forecasts that revenue would be around \$78 billion, higher than the average estimate of \$72.8 billion.

Despite this strong report, investors still remained neutral regarding the chip-maker. While growth was and still continues to be strong, investors remained concerned regarding the sustainability of this environment. In particular, what's been at the top of many investors' minds has been whether or not the elevated levels of AI-related spending we're seeing today will continue forward in the future, and what this would mean for Nvidia. In addition to this, supply constraints surrounding memory chips are also heavily focused on by many. The topic of circular financing has also been brought about, specifically in relation to Nvidia's recent deal with Meta. The combination of these factors has been what has contributed to this muted response we saw after Nvidia reported its earnings.